

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

# **Northville Downtown Development Authority**

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**Financial Report  
with Supplemental Information  
June 30, 2007**

# **Northville Downtown Development Authority**

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## Independent Auditor's Report

To the Board of Directors  
Northville Downtown Development  
Authority

We have audited the accompanying financial statements of the General Fund and the governmental activities of Northville Downtown Development Authority (the "DDA"), a component unit of the City of Northville, as of and for the year ended June 30, 2007, which collectively comprise the DDA's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Northville Downtown Development Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund and the governmental activities of Northville Downtown Development Authority as of June 30, 2007 and the changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Directors  
Northville Downtown Development  
Authority

The accompanying required supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northville Downtown Development Authority's basic financial statements. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

September 6, 2007

# **Northville Downtown Development Authority**

## **Management's Discussion and Analysis (Continued)**

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The following discussion and analysis of the financial performance of Northville Downtown Development Authority (the "DDA") provides an overview of the DDA's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the City's financial statements.

### **Financial Highlights**

The following represents the most significant financial highlights for the year ended June 30, 2007:

- In July 2006, the Northville City Council adopted the Downtown Strategic Implementation Plan. Immediately, the DDA reorganized into a five-committee structure as recommended by the plan to begin implementation. The statement of activities has been reorganized to reflect the financial resources that have been allocated to each initiative.
- In early 2007, the DDA was given the authorization to proceed with the Town Square Project. Most of the design costs were incurred during fiscal year 2007 with construction commencing in July 2007.
- Operating expenditures also reflect the beginning of a comprehensive marketing plan for downtown Northville.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the DDA as a whole and present a longer-term view of the DDA's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the DDA's operations in more detail than the government-wide financial statements.

# Northville Downtown Development Authority

## Management's Discussion and Analysis (Continued)

### The DDA as a Whole

The following table shows, in a condensed format, the current year's net assets compared to the two prior years:

#### Summary Condensed Statement of Net Assets

	2005	2006	2007	Changes from Prior Year	
				in Dollars	Percent
<b>Assets</b> - Current assets	\$ 1,171,120	\$ 1,024,544	\$ 1,211,454	\$ 186,910	18
<b>Liabilities</b> - Current liabilities	26,081	59,791	81,819	22,028	37
<b>Net Assets</b> - Unrestricted	<u>\$ 1,145,039</u>	<u>\$ 964,753</u>	<u>\$ 1,129,635</u>	<u>\$ 164,882</u>	17

The above increase in unrestricted net assets is primarily due to the DDA retaining fund balance in fiscal year 2007 to fund the completion of the Town Square Project during fiscal year 2008. The increase in accounts payable reflects payments due to contractors for implementation of both the Town Square Project and the marketing plan.

The following table shows the changes in net assets during the current year in comparison with the two prior years:

#### Summary Condensed Statement of Activities

	2005	2006	2007	Changes from Prior Year	
				in Dollars	Percent
<b>Revenue</b>					
Captured taxes (Note 5)	\$ 929,934	\$ 905,644	\$ 995,371	\$ 89,727	10
Operating levy	49,225	51,270	55,370	4,100	8
Other income	32,065	78,634	77,357	(1,277)	(2)
Total revenue	1,011,224	1,035,548	1,128,098	92,550	9
<b>Expenditures</b>					
Community and economic development	219,147	272,208	-	(272,208)	(100)
Public works	515,824	627,802	-	(627,802)	(100)
Recreation and culture	6,000	5,824	-	(5,824)	(100)
Business Mix Committee	-	-	36,043	36,043	100
Design Committee	-	-	436,476	436,476	100
Marketing Committee	-	-	95,530	95,530	100
Parking Committee	-	-	144,410	144,410	100
Organizational Committee	-	-	50,757	50,757	100
Debt service	363,648	310,000	200,000	(110,000)	(35)
Total expenditures	1,104,619	1,215,834	963,216	(252,618)	(21)
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ (93,395)</u>	<u>\$ (180,286)</u>	<u>\$ 164,882</u>	<u>\$ 345,168</u>	191

The increase in captured taxes is primarily from new property that has been added to the tax roll within the DDA's district.

# **Northville Downtown Development Authority**

## **Management's Discussion and Analysis (Continued)**

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As previously discussed, the above condensed statement of activities does include the five committee structure: Business Mix, Design, Marketing, Parking, and Organizational. Overall, expenditures decreased from the prior year, as the prior year included a major parking structure maintenance program (\$150,000). In addition, debt service decreased this year by \$110,000 based upon the bond repayment schedule.

### **The DDA's Fund**

The DDA maintains one fund, the General Fund. The fund provides detailed information about the DDA as a whole. The use of this fund helps to manage money for specific purposes as well as to show accountability for certain activities.

### **General Fund Budgetary Highlights**

The General Fund accounts for all programming, maintenance, construction, and administrative functions of the DDA within the DDA boundaries. The budget is monitored closely and amended quarterly. The new committee structure that is reflected in the budget will serve to further communicate how DDA resources are allocated.

### **Capital Asset and Debt Administration**

The DDA contributes financial support to the City of Northville for some of the construction and maintenance of assets within the DDA's boundaries. Most of those costs are recorded in the financial statements under the category of Design Committee expense. The DDA does not have any capital assets of its own.

The DDA does not have debt of its own. The DDA has a pledge, however, to repay the principal and interest of the City of Northville's general obligation bonds. These bonds were issued for a parking expansion program in 1993. Two years remain on that obligation. Once those bonds are paid, the DDA will no longer be able to capture revenue from school-related taxes once those bonds are paid based upon Proposal A's enacting legislation.

### **Economic Factors and Next Year's Budgets and Rates**

It is expected that the value of property within the DDA will grow consistent with the rate of inflation.

The strategic plan will continue to be the focus of the efforts of the DDA in the future. The contents of the plan will guide much of the operational and physical improvements that will be initiated by Northville Downtown Development Authority over the next four years.



# **Northville Downtown Development Authority**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the DDA's Management**

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the DDA's finances and to show the DDA's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Northville Downtown Development Authority's office at 215 West Main Street, Northville, Michigan 48167, or via the DDA's website at [www.downtownnorthville.org](http://www.downtownnorthville.org).

# Northville Downtown Development Authority

## Statement of Net Assets/Governmental Fund Balance Sheet June 30, 2007

	General Fund	Adjustments (Note 3)	Statement of Net Assets
<b>Assets</b>			
Cash and investments (Note 4)	\$ 1,205,418	\$ -	\$ 1,205,418
Due from other governmental units	<u>6,036</u>	<u>-</u>	<u>6,036</u>
Total assets	1,211,454	-	1,211,454
<b>Liabilities</b>			
Accounts payable	29,181	-	29,181
Accrued and other liabilities	<u>44,857</u>	<u>7,781</u>	<u>52,638</u>
Total liabilities	<u>74,038</u>	<u>7,781</u>	<u>81,819</u>
<b>Net Assets - Fund balances</b>			
Unreserved:			
Designated - Strategic plan implementation	1,104,100	(1,104,100)	
Designated - Parking structure maintenance	15,000	(15,000)	
Undesignated	<u>18,316</u>	<u>(18,316)</u>	
Total fund balance	<u>\$ 1,137,416</u>	<u>(1,137,416)</u>	
Unrestricted		<u>1,129,635</u>	<u>1,129,635</u>
Total net assets		<u>\$ 1,129,635</u>	<u>\$ 1,129,635</u>

# Northville Downtown Development Authority

## Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2007

	General Fund	Adjustments (Note 3)	Statement of Activities
<b>Revenue</b>			
Captured taxes (Note 5)	\$ 995,371	\$ -	\$ 995,371
Operating levy	55,370	-	55,370
Other income	<u>77,357</u>	<u>-</u>	<u>77,357</u>
Total revenue	1,128,098	-	1,128,098
<b>Expenditures</b>			
Business Mix Committee	34,646	1,397	36,043
Design Committee	434,231	2,245	436,476
Marketing Committee	93,796	1,734	95,530
Parking Committee	143,681	729	144,410
Organizational Committee	49,996	761	50,757
Debt service - Pass-through commitment	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>956,350</u>	<u>6,866</u>	<u>963,216</u>
<b>Excess of Revenue Over Expenditures</b>	171,748	(6,866)	164,882
<b>Net Assets - Beginning of year</b>	<u>965,668</u>	<u>(915)</u>	<u>964,753</u>
<b>Net Assets - End of year</b>	<u><u>\$ 1,137,416</u></u>	<u><u>\$ (7,781)</u></u>	<u><u>\$ 1,129,635</u></u>

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2007**

### **Note I - Summary of Significant Accounting Policies**

The accounting policies of Northville Downtown Development Authority (the "DDA") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Northville Downtown Development Authority.

#### **Reporting Entity**

Northville Downtown Development Authority was formed under Act 197 of the Public Acts of 1975 to develop downtown Northville. A revised development plan was adopted in 1993 that provided the financing plan for the City of Northville's (the "City") general obligation bonds, totaling \$3,800,000. These bonds were issued in May 1994 to finance the construction of parking facilities in downtown Northville. These bonds bear interest from 5.5 percent to 5.6 percent and are due in annual installments through fiscal year 2009. In the DDA's financing plan, the DDA has pledged captured taxes to pay the debt service payment on these bonds.

The accompanying financial statements pertain to the financial activities of the DDA. These activities have also been presented with the financial statements of the City of Northville, Michigan as a component unit.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the activities of the DDA. Governmental activities are normally supported by taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

# Northville Downtown Development Authority

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## Notes to Financial Statements June 30, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the DDA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the DDA.

The General Fund is the DDA's only operating fund. It accounts for all financial resources of the general government.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated using a weighted average of balance for the principal.

**Capital Assets** - Capital assets are defined by the DDA as assets with an initial individual cost of more than \$1,500 and an expected useful life of more than one year. The DDA has no assets that meet this criterion.

# Northville Downtown Development Authority

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## Notes to Financial Statements June 30, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)** - It is the DDA's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and accumulate compensatory leave time. After 10 years of service, employees may receive payment of the accumulated sick leave balance at the rate of 50 percent upon retirement or 25 percent for other types of termination. A liability is accrued when incurred in the government-wide financial statements.

**Fund Equity** - In the fund financial statements, designations of fund balance represent management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year end. The annual budget is prepared by the director and then reviewed by the DDA. After the budget is approved by the DDA, it is then presented to the City of Northville for approval prior to the start of the fiscal year. The budget is reviewed by the DDA and the City on a quarterly basis and amended as necessary.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing bodies is the department level. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The comparison of actual results of operations to the General Fund budget is presented for analytical purposes only.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The DDA was significantly under budget for the Design Committee. This was due to a delay in the start of the Town Square Construction Project.

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2007**

### **Note 3 - Reconciliation of Government-wide and Fund Financial Statements**

Total fund balances and the net change in fund balances of the DDA's governmental funds differ from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the financial resources measurement focus of the governmental fund balance sheet.

The reconciliation of fund balance to net assets relates to compensated absences that are included as a liability for the statement of net assets. The reconciliation of the net change in fund balance to net change in net assets relates to the increase in the accrual for long-term compensated absences reported as an expense in the statement of activities, but is not reported as an expense in the governmental fund.

### **Note 4 - Deposits and Investments**

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions, which are rated as investment grade, mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and investment pools organized under the surplus funds investment pool acts of the State of Michigan. The investment policy adopted is in accordance with Public Act 196 of 1997 and has authorized investment in all vehicles covered by the state statute listed above.

Cash and investments are subject to several types of risk. At year end, the carrying amount of the DDA's cash and investments is held by the City cash and investments pool. For the purpose of risk disclosure, it is not practical to allocate risk to each entity in the investment fund. The disclosures below are related to the overall risk for the cash and investments totals that are presented in the City's financial statements. The DDA's cash and investments, however, represent 9 percent of the total portfolio managed by the City.

# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2007

### Note 4 - Deposits and Investments (Continued)

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The policy for custodial credit risk limits bank options to those approved by the DDA. All banks must supply audited financial statements, proof of state registration, and certification of compliance with the investment policy. Overall, the City had \$1,041,460 of bank deposits (checking and savings accounts in addition to certificates of deposit) that were uninsured and uncollateralized. The DDA believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, each financial institution where funds are deposited is evaluated to assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of June 30, 2007, two banks are utilized for the deposit of the DDA's funds.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The policy followed is consistent with state law. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Percentage of Total Portfolio	Rating	Rating Organization
Bank investment pools	11%	A+	S&P
Federal Home Loan Mortgage Corporation	5%	AAA	S&P/Moody's
Federal National Mortgage Association	11%	AAA	S&P/Moody's
Federal Home Loan Bank	27%	AAA	S&P/Moody's
Commercial paper	18%	A1+, P1, and P1+	S&P/Moody's



# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2007

### Note 4 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Percentage of Total Portfolio	Weighted Average Maturity
Federal Home Loan Mortgage Corporation	5%	37 days
Federal National Mortgage Association	11%	86 days
Federal Home Loan Bank	27%	283 days
Commercial paper	18%	32 days

**Concentration of Credit Risk** - It is the policy of the DDA to diversify the investment portfolio with a goal of 5 percent maximum exposure to any one credit risk at time of purchase. This requirement does not apply to investments issued by the U.S. government or its agencies, investments in mutual funds, and external investment pools and other pooled investments. The concentration of credit risk is shown below:

Investment	Category	Percent
Federal Home Loan Bank	U.S. government agencies	27%
Federal National Mortgage Association	U.S. government agencies	11%

### Note 5 - Captured Taxes

Captured taxes represent the property taxes on the increment in taxable value of the downtown development district property since the adoption of the development plan. These taxes are earmarked for debt retirement purposes and other purposes consistent with the development plan.

# Northville Downtown Development Authority

## Notes to Financial Statements June 30, 2007

### Note 6 - Designated Fund Balance

Fund balance is designated to show management's intentions. As of June 30, 2007, \$1,104,100 is designated for the Town Square Project as part of the strategic plan implementation program. In addition, \$15,000 is designated for parking structure repairs.

### Note 7 - Commitments

Under its pledge to the City, the DDA transfers amounts annually to pay the principal and interest on the City of Northville's general obligation bonds. The annual requirements to service these bonds as of June 30, 2007, including both principal and interest, are shown below:

	Principal	Interest	Total
2008	\$ 365,000	\$ 32,060	\$ 397,060
2009	390,000	10,920	400,920
Total	<u>\$ 755,000</u>	<u>\$ 42,980</u>	<u>\$ 797,980</u>

### Note 8 - Pension Plan and Other Postemployment Benefits

The City of Northville administers the pension plan and postretirement benefit plan on behalf of the DDA. The employer of record for the DDA is the City of Northville. Accordingly, employees and retirees (of which there are none at year end) of the DDA participate in the City's employee benefit programs and policies and are pooled with all other City employees for benefits administration. The City charges the DDA for its pro rata share of employee fringe benefit costs in the same manner as City departments are charged for fringe benefits.

The DDA contributes a pro rata share of the amortization of unfunded actuarial liability for the defined benefit pension plan and postretirement benefit plan. A description of the pension plan and postretirement benefit plan and related overall funding levels may be obtained from the City of Northville's financial statements. Those statements may be obtained by contacting the City of Northville, 215 West Main Street, Northville, Michigan 48167.

The DDA reimbursed the City \$37,710 for fringe benefit expenditures during the year ended June 30, 2007.

# **Northville Downtown Development Authority**

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## **Notes to Financial Statements June 30, 2007**

### **Note 8 - Pension Plan and Other Postemployment Benefits (Continued)**

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

## **Required Supplemental Information**

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# Northville Downtown Development Authority

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance from Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 965,668	\$ 965,668	\$ 965,668	\$ -
<b>Revenue</b>				
Captured taxes	1,152,718	995,173	995,371	198
Operating levy	58,776	55,370	55,370	-
Other income	30,630	72,633	77,357	4,724
Total revenue	1,242,124	1,123,176	1,128,098	4,922
<b>Expenditures</b>				
Community and economic development	141,304	-	-	-
Public works	245,998	-	-	-
Recreation and culture	11,300	-	-	-
Business Mix Committee	-	33,789	34,646	(857)
Design Committee	-	878,227	434,231	443,996
Marketing Committee	-	115,733	93,796	21,937
Parking Committee	-	167,479	143,681	23,798
Organizational Committee	-	54,211	49,996	4,215
Debt service - Pass-through commitment	310,000	200,000	200,000	-
Total expenditures	708,602	1,449,439	956,350	493,089
<b>Fund Balance - End of year</b>	<b>\$ 1,499,190</b>	<b>\$ 639,405</b>	<b>\$ 1,137,416</b>	<b>\$ 498,011</b>